

Message Text

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PAGE 01 LAGOS 01541 091355Z
ACTION EB-08

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E.O. 11652: N/A
TAGS: BENC, ENRG, NI
SUBJECT: MAJOR PROJECTS: PETROCHEMICAL COMPLEX

REF: STATE 023479

1. PETROLOFF CONTACTED DR. A. J. OYEKAN OF MOI RE QUESTIONS
RAISED REFTEL.
2. OYEKAN SAID STONE AND WEBSTER CO. AND LUMMUS CO., TOGETHER
WITH ALL OTHER TOP COMPANIES IN ETHYLENE TECHNOLOGY (HE
SPECIFICALLY MENTIONED LINDE AND TECHNIP/KTI), HAVE BEEN
PURPOSELY ELIMINATED FROM CONSIDERATION FOR PREQUALIFICATION
ON PROJECT MANAGEMENT CONTRACT. MOI WANTS SUCH FIRMS TO BID
ON ACTUAL DESIGN AND CONSTRUCTION ENGINEERING CONTRACTS FOR
ETHYLENE CRACKER, WHEREAS PROJECT MANAGEMENT CONTRACT WOULD
PRECLUDE SUCH WORK. MOI ALSO BELIEVES NONE OF TOP ETHYLENE
COMPANIES WOULD BE WILLING TO WORK UNDER ONE OF THEIR
DIRECT COMPETITORS WHO HAD WON CONTRACT MANAGEMENT JOB.
3. OYEKAN SAID NO FIRMS HAVE YET BEEN PREQUALIFIED ON PROJECT
MANAGEMENT CONTRACT. SO FAR, AMERICAN FIRMS WHO HAVE SUBMITTED
PROPOSALS INCLUDE BECHTEL, FLUOR, FOSTER-WHEELER, AND RALPH M.
PARSONS. OYEKAN WOULD NOT DIVULGE NAMES OF FOREIGN COMPETITION.
OYEKAN SAID MOI WANTS SELECT PROJECT MANAGER BEFORE FINAL SELECTION

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OF OPERATING PARTNERS, EXPECTS TO DO SO WITHIN NEXT EIGHT WEEKS.
OYEKAN ADDED MOI INTENDS MAKE SURE THAT SELECTION OF PROJECT
MANAGER WILL NOT INTERFERE WITH CHOICE OF OPERATING PARTNER OR
TYPE OF TECHNOLOGY USED. OPERATING PARTNERS WILL BE ABLE TO NAME
CONTRACTORS OF THEIR OWN CHOOSING FOR LIMITED ASPECTS OF JOB, SUCH
AS DETAILED ENGINEERING DESIGN, BUT NOT FOR OTHER ASPECTS LIKE
PROCUREMENT OR CONSTRUCTION SUPERVISION.

4. RE COMPETITION FOR OPERATING PARTNERS, OYEKAN MENTIONED ICI, MONTEDISON, SHELL, AND HOECHST BY NAME. HE ADDED THAT THERE ARE ALSO FRENCH AND JAPANESE FIRMS IN RUNNINT BUT WOULD NOT SPECIFY. HE SAID BP DEFINITELY NOT IN GROUP.

5. RE ETHYLENE CRACKER, OYEKAN SAID SOME PROSPECTIVE OPERATING PARTNERS HAVE EXPRESSED WILLINGNESS TO TAKE EQUITY SHARE AND OTHERS HAVE DECLINED. THUS EXACT OWNERSHIP STRUCTURE STILL OPEN. HE SAID MOI HAVE ALREADY DISCUSSED OPERATING CONTRACT WITH SEVERAL PROSPECTIVE PARTNERS IN DOWNSTREAM PROCESSES, AND WOULD PREFER TO TO HAVE SUCH A DOWNSTREAM PARTMER AS OPERATOR OF THE ETHYLENE PLANT RATHER THAN OUTSIDE CHEMICAL COMPANY WITH NO OTHER STAKE IN COMPLEX.

6. RE VISIT BY MOI OFFICIALS TO US, OYEKAN SAID THIS HAD BEEN MORE SUGGESTION THAN DEFINITE PLAN. GIVEN FREEZING WEATHER, OFFICIALS NOT PARTICULARLY ANXIOUS TO TRAVEL TO US NOW AND MAY INSTEAD ASK COMPANY REPS TO COME TO LAGOS FOR ANOTHER ROUND OF TALKS. TRIP MIGHT BE RESET FOR SUMMER.

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Message Attributes

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